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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

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OCT 04 2007

COMMISSIONERS

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AZ CORP COMMISSION
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IN THE MATTER OF THE JOINT
APPLICATION OF CP WATER COMPANY
AND FRANCISCO GRANDE UTILITIES
COMPANY TO TRANSFER THEIR
CERTIFICATES OF CONVENIENCE AND
NECESSITY AND ASSETS TO PALO
VERDE UTILITIES COMPANY AND
SANTA CRUZ WATER COMPANY

Docket No. WS-01775A-07-0485

Docket No. SW-03575A-07-0485

Docket No. W-02442A-07-0485

Docket No. W-03576A-07-0485

**RESPONSE TO APPLICATION
TO INTERVENE**

Francisco Grande Utilities Company ("Francisco Grande"), CP Water Company ("CP"), Global Water – Palo Verde Utilities Company ("Palo Verde") and Global Water – Santa Cruz Water Company ("Santa Cruz")¹(collectively, the "Global Utilities") respond in opposition to the Application to Intervene filed by Arizona Water Company ("AWC").

I. AWC is not directly and substantially affected by this case.

The Commission's rules allow intervention only when the proposed intervenor is "directly and substantially affected by the proceedings." A.A.C. R14-3-105.A. None of the topics mentioned by AWC amounts to a direct and substantial interest. AWC first mentions its operating contract with CP. However, that contract can be terminated upon 30 days' notice, so AWC can have no valid long-term expectations under it. Moreover, even if AWC did have long-term rights under that contract, AWC does not explain how those rights would be directly and substantially affected by the transfer of the CC&Ns between affiliated entities.

¹ In accordance with Decision No. 69920 (September 27, 2007), Global Water – Santa Cruz Water Company and Global Water – Palo Verde Utilities Company have replaced the original applicants, Santa Cruz Water Company, LLC and Palo Verde Utilities Company, LLC.

1 Next, AWC mentions that in the past Francisco Grande allowed portions of its CC&N to
2 be transferred to AWC. But the existence of past transfers does not create a right to future
3 transfers. So this factor does not show that AWC is "directly and substantially interested."

4 AWC also alludes to the complaint it filed against the Global Water Resources, LLC
5 ("Global Parent") and other entities. However, that complaint does not allege any direct harm to
6 AWC, and standing is not required to bring a complaint at the Commission. See A.R.S. § 40-
7 246(B)("The commission need not dismiss a complaint because of the absence of direct damage to
8 the complainant.") However, standing is required to become an intervenor. The existence of a
9 complaint – for which standing is not required – does not mean that AWC is directly and
10 substantially affected by the proceedings in this case.

11 AWC also recites various allegations from its complaint. Those statements remain
12 unproven allegations, and therefore cannot create standing in this case. Moreover, the allegations
13 do not directly touch the issue in this case – whether the CC&Ns of Francisco Grande and CP
14 should be transferred to Santa Cruz and Palo Verde. For example, AWC alleges that Infrastructure
15 Coordination and Financing Agreements ("ICFAs") are illegal. But the Global Utilities have not
16 requested a determination of the legality of ICFAs in this case, and ICFAs are not mentioned in the
17 Application. AWC's assertions about the legality of the ICFAs can be resolved in the complaint
18 case.

19 AWC also alleges that Global Parent is an unregulated alter ego of Santa Cruz and Palo
20 Verde. But Global Parent is not a party to this case. This case involves the proposed transfer of
21 CC&Ns from two regulated public service corporations (Francisco Grande and CP) to two other
22 regulated public service corporations (Santa Cruz and Palo Verde). No unregulated entities are
23 involved. AWC's alter ego theory simply has no place in this case.

24 AWC also claims that the Commission's decision in its complaint case will likely "directly
25 touch and concern the actions that might otherwise be taken in this docket." This is simply
26 speculation – the Commission's decision in the complaint case remains to be made. Moreover,
27 AWC does not explain how the Commission's decision in this case would change the outcome of

1 this case. Further, even if AWC's speculation was correct and that decision did have an impact on
2 this case, AWC still has not shown that it is directly and substantially affected by the proceedings
3 in this case. AWC must show that it is directly and substantially affected by this case, not some
4 other case.

5 The facts in this case are simple. Francisco Grande and CP hold CC&Ns. The question
6 here is whether those CC&Ns should be transferred to affiliated entities already regulated by the
7 Commission. If the application is granted, the CC&Ns will be transferred to Santa Cruz and Palo
8 Verde. If the application is denied, the CC&Ns will remain with Francisco Grande and CP. Either
9 way, AWC will have no rights to serve those areas. Indeed, under either outcome, AWC will be
10 forbidden to serve in the areas subject to this case. AWC therefore is not directly and substantially
11 affected by this case.

12 **II. AWC's participation would unduly broaden the issues.**

13 The application in this case presents a simple, straightforward question: should the
14 CC&Ns of two regulated public service corporations be transferred to two other, affiliated public
15 service corporations. As shown by this Application to Intervene, AWC will raise numerous issues
16 that do not need to be decided in this case, and which will in fact be resolved in the complaint
17 case. The Commission's rules state "No application for leave to intervene shall be granted where
18 by so doing the issues theretofor presented will be unduly broadened, except upon leave of the
19 Commission first had and received." A.A.C. R14-3-105.B. Here, AWC's participation will
20 unduly broaden the issues, and AWC's application to intervene should therefore be denied.

21 Moreover, AWC has not stated what relief, if any, it seeks in this case. Thus, it is simply
22 not possible to state that AWC's participation will not unduly broaden the issues in this case.
23 Therefore, AWC should not be allowed to intervene.

24 **III. Conclusion.**

25 AWC has not shown that it will be directly and substantially affected by these proceedings.
26 Moreover, AWC's application to intervene shows that AWC will unduly broaden the issues in this
27

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1 case by introducing numerous extraneous issues from other cases. Accordingly, AWC's
2 Application to Intervene should be denied.

3
4 RESPECTFULLY SUBMITTED this 4th of day of October 2007.

5 ROSHKA DEWULF & PATTEN, PLC

6
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15 Original + 21 copies of the foregoing
16 filed this 4th day of October 2007, with:

17 Docket Control
18 ARIZONA CORPORATION COMMISSION
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21 Copies of the foregoing hand-delivered/mailed
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